

105TH CONGRESS
1ST SESSION

S. 1193

To amend chapter 443 of title 49, United States Code, to extend the authorization of the aviation insurance program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18, 1997

Mr. GORTON (for himself, Mr. MCCAIN, Mr. HOLLINGS, and Mr. FORD) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To amend chapter 443 of title 49, United States Code, to extend the authorization of the aviation insurance program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Aviation Insurance
5 Reauthorization Act of 1997”.

6 **SEC. 2. VALUATION OF AIRCRAFT.**

7 (a) GENERAL AUTHORITY FOR INSURANCE AND
8 REINSURANCE.—Section 44302(a)(2) of title 49, United
9 States Code, is amended by striking “as determined by

1 the Secretary.” and inserting “as determined by the Sec-
 2 retary in accordance with reasonable business practices in
 3 the commercial aviation insurance industry.”.

4 (b) LIMITATION ON MAXIMUM INSURED AMOUNT.—
 5 Section 44306(c) of title 49, United States Code, is
 6 amended by striking “as determined by the Secretary.”
 7 and inserting “as determined by the Secretary in accord-
 8 ance with reasonable business practices in the commercial
 9 aviation insurance industry.”.

10 **SEC. 3. EFFECT OF INDEMNITY AGREEMENTS.**

11 Section 44305(b) of title 49, United States Code, is
 12 amended by adding at the end the following: “If such an
 13 agreement is countersigned by the President or the Presi-
 14 dent’s designee, the agreement shall constitute, for pur-
 15 poses of section 44302(b), a determination that continu-
 16 ation of the aircraft operations to which the agreement
 17 applies is necessary to carry out the foreign policy of the
 18 United States.”.

19 **SEC. 4. BORROWING AUTHORITY.**

20 (a) IN GENERAL.—Section 44307 of title 49, United
 21 States Code, is amended by adding at the end the follow-
 22 ing:

23 “(e) BORROWING.—

24 “(1) ISSUANCE OF OBLIGATIONS.—Subject to
 25 the provisions of this subsection, the Administrator

1 of the Federal Aviation Administration may issue
2 and sell such notes or other obligations to the Sec-
3 retary of the Treasury as the Administrator deter-
4 mines are necessary to provide funds to carry out
5 this chapter. This authority, while available for ini-
6 tial payments made by the Department of Transpor-
7 tation for any loss covered by the Department of De-
8 fense-related non-premium aviation insurance, does
9 not remove the Department of Defense's responsibil-
10 ities under section 9514 of title 10, United States
11 Code, to provide prompt indemnification to the De-
12 partment of Transportation for the amount of the
13 loss.

14 “(2) TERMS AND CONDITIONS.—Obligations
15 under this subsection shall be issued in the forms
16 and denominations, bearing the maturities, and sub-
17 ject to the terms and conditions that the Secretary
18 of the Treasury may prescribe.

19 “(3) NOTIFICATION OF CONGRESS.—At least 25
20 days before the Administrator intends to issue and
21 sell a note or other obligation under paragraph (1),
22 the Administrator shall notify, in writing, the Senate
23 and House of Representatives of such intention and
24 the dollar amount of such note or obligation.

1 “(4) PURCHASE OF OBLIGATIONS.—The Sec-
 2 retary of the Treasury shall purchase any obligations
 3 issued under this subsection. For such purpose, the
 4 Secretary of the Treasury may use as a public debt
 5 transaction the proceeds from the sale of any securi-
 6 ties issued under the Second Liberty Bond Act. The
 7 purposes for which securities may be issued under
 8 such Act are extended to include any purchase of
 9 obligations issued under this subsection.

10 “(5) RESALE AUTHORITY.—The Secretary of
 11 the Treasury may sell any obligations issued under
 12 this subsection at the times and prices and upon the
 13 terms and conditions that the Secretary of the
 14 Treasury shall determine.

15 “(6) TREATMENT.—All purchases, redemptions,
 16 and sales of obligations under this subsection by the
 17 Secretary of the Treasury shall be treated as public
 18 debt transactions of the United States.”.

19 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
 20 44307(a) of such title is amended by striking paragraph
 21 (2) and inserting the following:

22 “(2) AUTHORIZATION OF APPROPRIATIONS.—
 23 Necessary amounts to carry out this chapter, includ-
 24 ing amounts required to pay the interest accrued on,

1 or to repay the principal of, obligations issued under
 2 subsection (e), may be appropriated to the fund.

3 “(3) DEPOSIT IN FUND.—The amounts appro-
 4 priated and other amounts received, including the
 5 proceeds of the sale of obligations issued under sub-
 6 section (e), shall be deposited in the fund.”.

7 (c) CONFORMING AMENDMENT.—Section 44307(d)
 8 of such title is amended by adding at the end the follow-
 9 ing: “This subsection does not apply to amounts appro-
 10 priated for paying interest accrued on, or for repaying the
 11 principal of, obligations issued under subsection (e).”.

12 **SEC. 5. ARBITRATION AUTHORITY.**

13 (a) AUTHORIZATION OF BINDING ARBITRATION.—
 14 Section 44308(b)(1) of title 49, United States Code, is
 15 amended by inserting after the second sentence the follow-
 16 ing: “Any such policy may authorize the binding arbitra-
 17 tion of claims made thereunder in such manner as may
 18 be agreed to by the Secretary and any commercial insurer
 19 that may be responsible for any part of a loss to which
 20 such policy relates.”.

21 (b) AUTHORITY TO PAY ARBITRATION AWARD.—
 22 Section 44308(b)(2) of such title is amended—

23 (1) by striking “and” at the end of subpara-
 24 graph (A);

1 (2) by redesignating subparagraph (B) as sub-
2 paragraph (C); and

3 (3) by inserting after subparagraph (A) the fol-
4 lowing:

5 “(B) pay the amount of a binding arbitra-
6 tion award made under paragraph (1); and”.

7 **SEC. 6. EXTENSION OF PROGRAM.**

8 Section 44310 of title 49, United States Code, is
9 amended by striking “1997” and inserting “2002”.

10 **SEC. 7. USE OF AIRCRAFT FOR DEMONSTRATION.**

11 Section 40102(37)(A) of title 49, United States Code,
12 is amended—

13 (1) by striking “or” in clause (i);

14 (2) by redesignating clause (ii) as clause (iii);

15 and

16 (3) by inserting after clause (i) the following:

17 “(ii) owned by the United States Gov-
18 ernment and operated by any person for
19 purposes related to crew training, equip-
20 ment development, or demonstration; or”.

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